

**EPISODE 230**

**[0:00:08] IP:** Hello, and welcome to episode 230 of AVTalk. I am Ian Petchenik. Here as all with

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**[0:00:17] JR:** Jason Rabinowitz. Wow. That was quite the windup today, Ian.

**[0:00:22] IP:** It's been a day, Jason. It's been a day.

**[0:00:24] JR:** It has been a day. But you know what? We've got some good stuff. We've got a really great interview coming up today. And that's me saying that. That's not even Ian teeing that up. I'm genuinely excited to bring you the interview we have today. Ian, who did we talk to?

**[0:00:38] IP:** We talked with Charles Duncan, who is the president of long-haul low-cost transatlantic airline, North Atlantic Airways. And I have to say, I don't want to build it up too much because we'll talk about this on the back end about how I think we both came away with different attitudes towards the airline. And so, I'm going to let our interview with Charles stand for itself and then we can talk about that a little bit more later.

But I say it's been a day because we have a rare instance in which breaking aviation news occurred prior to us hitting record. We interviewed Charles this morning or right about lunchtime on the East Coast, Wednesday, the 23rd of August. And then I thought to myself, "Oh, I've got a bit of a break in the day. The kids are back in school this week. So, the house is quiet again. I will make myself some lunch. I'll sit down. Have a leisurely look through what has happened in the world this week and then we'll talk about what else has happened in aviation when we record the podcast this afternoon."

**[0:01:34] JR:** And then I messaged you.

**[0:01:37] IP:** No. This one came from – unfortunately, it came from – somebody sent me the video of what happened and then got to work from there. Here's what happened. The initial reports were an aircraft crash outside of Moscow. Tver, I think that's how you pronounce it. And

then the reports started to roll out about who the aircraft was registered to and who may have been on board the aircraft.

As of the moment, both Russian and international sources, including the BBC, New York Times and CNN have confirmed that Wagner group leader Yevgeny Prigozhin was on board the Legacy 600, which crashed today after departing Moscow. And that became my afternoon and Jason's as well too. I think we've both been following this pretty closely.

**[0:02:30] JR:** Yeah. Yeah.

**[0:02:33] IP:** We've downloaded the initial data and then downloaded the raw data for this aircraft. And it tells the data that's available on the website and the raw data tell slightly different stories. Thanks to how we had to track the aircraft because of the situation in Moscow. Jason, I'll let you decide where do we want to – do we want to talk about what happened or do we want to talk about how we had to track the aircraft first?

**[0:02:58] JR:** Let's talk about what happened first.

**[0:03:00] IP:** Okay. Fair enough. What we know so far – and we have a very capable group of people at Flightradar24 who are now interested in seeing if they can make this even more granular as far as figuring out what happened. But here's what we know so far. The aircraft departed shortly before 3pm UTC time and climbed for about 20 minutes in total.

And shortly after 3pm, so about 3:19 UTC, 15:19 UTC, the aircraft experienced some sort of upset. News reporting has variously attributed it to missile or other type of explosive device. We haven't confirmed that as of yet. That's not to say it won't be confirmed by the time you listen to this podcast on Friday. But there was some sort of upset. The aircraft was cruising at 28,000 feet and then it wasn't. It climbed initially very quickly then descended back again to about 28,000 feet. Then it climbed again and then descended again very quickly falling from the time that it experienced whatever upset it experienced to the time we stopped receiving data from the aircraft. That was about 32 seconds. And the aircraft went from 28,000 feet to 19,725 feet. Not a great situation.

Visual evidence from the area including photos and video show the aircraft not in a controlled descent. A spinning aircraft. And I've seen multiple videos that still as of yet unconfirmed at this point, but multiple videos that show at least severe damage, if not a missing wing on one side of the aircraft. That altitude information, the vertical speed information combined with the visual evidence paints a picture of something very nasty happening to that aircraft.

**[0:04:59] JR:** And still, at this time, nothing is confirmed. But everyone, including official sources, the BBC, kind of everyone is jumping straight to the obvious answer that this was almost certainly not an accident. I mean, the BBC even has a quote here saying, "US President Joe Biden said he was not surprised by news of the possible death."

I don't think anyone is really under the illusion that this was purely an accident. That would be exceptionally unlikely in this case. And some background as well, the aircraft was traveling Northwest out of Moscow. Maybe headed towards St. Petersburg. But I don't know if we actually know the destination. But it was a little bit over the halfway mark between the two cities.

**[0:05:39] IP:** Yeah. We don't know. But this aircraft is frequently used to fly between Moscow and St. Petersburg. Historically, that's what this aircraft does. It flies between Moscow and St. Petersburg.

I mean, the statistical likelihood of this being an accident, of this being a mechanical failure or something of that kind without outside influence, I think the statistical likelihood of that given recent geopolitical events is about as close to zero as you can get.

**[0:06:10] JR:** Yeah. We never like jumping to assumptions and conclusions before investigations have been at least initiated or concluded. But somehow, I don't feel like an investigation is going to happen this time. And it's pretty safe to make the assumption that there was some sort of explosion, or missile strike, or something to this aircraft. And this is the last we'll ever hear of any investigation. I don't think we'll see the NTSB roped in to this one at any point.

**[0:06:38] IP:** The Brazilians probably not. The NTSB, which Jason brings up the NTSB because the engines are manufactured in the US. Is that right?

**[0:06:46] JR:** I believe so. Yes, by Rolls-Royce North America.

**[0:06:49] IP:** They would be party to a proper ICAO Annex 13 investigation. We'll see if that is undertaken in whole or in part. But one of the things here is that if you go to the website and you look at the data that we have on the website, you'll notice that none of the data that I just talked about is available. That's because, for a long time now, but since the Russian invasion of Ukraine, it has really, really been a factor.

The denial or jamming of global navigation satellite systems or what we often just call GPS in the Russian constellation of GLONASS, or the European constellation of Galileo, the BeiDou constellation for the Chinese system, all of those. So, ADS-B. The D in ADS-B, Automatic Dependent Surveillance-Broadcast. The D stands for dependent, and it's dependent upon an outside position source telling the aircraft where it is. And then it passes along that information to our receivers. And if we're not receiving that information, we have to use MLat to calculate the position of the aircraft.

And so, MLat, as far as Flightradar24 is concerned, uses four receivers. At least four receivers to use the time distance of arrival. How long does it take the signal from that aircraft to reach our receivers? We know the position of the receivers. We don't know the position of the aircraft. If we can calculate the time it takes to reach each receiver and then find the difference there, we can calculate where the aircraft is.

**[0:08:26] JR:** What's interesting is that some people initially were saying maybe it's MLat because the Russians are cutting off ADS-B receivers or they're just not getting any in. No. Actually, it's the opposite in this case where you need to have multiple receivers for MLat to work. You can't do it with just one or even two. I think you need at least three ADS-B receivers for MLat to work.

**[0:08:47] IP:** We use four. We use four.

**[0:08:49] JR:** Four. Yeah. There you go. There was actually quite good coverage in this area.

**[0:08:53] IP:** It just so happens that as you move away from any major city, the number of receivers covering any flight is going to decrease. We calculated the positions as best we could. And like I said, now when these things happen, they're learning opportunities. And so, the team is working on calculating additional positions. Basically, looking at the data and seeing if we can use the MLat algorithm to calculate additional positions based on all of the raw data that we have to see if that yields any useful information.

By Friday, there could very well be an update on the flight path of this aircraft. Check out the blog post for any updated information that we learn whether there's an investigation or not. We'll post all the information that we have about this particular flight in that post.

**[0:09:41] JR:** Yeah. And there's a bit more to the whole ADS-B story in Moscow that, Ian, you brought to my attention earlier today. It is not unusual. It's actually extremely common now for aircraft in the greater Moscow region to not be transmitting ADS-B at all. It's very odd to watch aircraft on the ground at Moscow's airports have ADS-B tracking on with very precise GPS. They take off. And then, predictably, at about a thousand feet, ADS-B just disappears. And a few seconds later the aircraft reappears with much less accurate MLat tracking.

And we don't know why that's happening. Whether that could be GPS jamming going on triggering the aircraft to turn ADS-B off itself or whether the Russian authorities are mandating that airlines have to turn off ADS-B. And it's not just Russian Airlines. It's other airlines coming into the country like Qatar Airways, I noticed today. If you have any insight into why that might be happening, we'd love to hear about it.

**[0:10:41] IP:** Yeah, especially now that the podcast email box is fixed. So email us at [podcast@fr24.com](mailto:podcast@fr24.com).

**[0:10:45] JR:** That's great. And someone will actually read it.

**[0:10:48] IP:** Yes. I'm slowly working my way through all of the emails that we received and I think most people have received responses by now. But again, apologies for that.

That's what we know so far. A lot of intersecting pieces as far as flight tracking and this particular situation. As it evolves, I'm sure we'll learn more. Will we learn the whole story eventually? Probably not given who's involved here. But an interesting lesson on how we have multiple layers to track aircraft and what happens when one of those layers is proactively denied. But we'll leave it there for now and I'm sure return it at some point in the future, if not in the next episode.

Jason, I'm so excited to get to our interview with Charles Duncan. I think we should just do that now. What do you think?

**[0:11:34] JR:** Let's do it.

**[0:11:35] IP:** All right. We'll be right back with Charles Duncan, the president of Norse Atlantic Airways. Stay with us.

Welcome back. We are joined now by Charles Duncan, who is the president of Norse Atlantic Airways. The low-cost long-haul transatlantic airline that recently started – just celebrated its first anniversary of operations in June. And he's joining us to talk about where the airline has been so far and where it's headed next. Charles, thank you so much for joining us.

**[0:12:09] CD:** It is a pleasure to be here. Thanks so much for having me.

**[0:12:12] JR:** Thanks, Charles. Really looking forward to our conversation.

**[0:12:14] IP:** As I mentioned, the airline is still pretty much in its startup phase. I mean, June 22 was the first revenue flight. The airline was announced in 2021. After a year, how are things looking?

**[0:12:28] CD:** Well, they are looking fantastic and it truly is, I mean, a great time to be operating an airline in the North Atlantic. If you take a step back and think about seasonality, and we're recording this in late August, summers are always very strong. And this year in particular, we have seen just tremendously strong demand across the Atlantic.

And so, yeah. I mean, the summer's been great and we have – right now, from a full – I mean, from an operations point of view, our teams still have a couple more weeks of intense work to do just with high load factors and kind of getting the final flights with heavy loads and the demand worked. And then we'll begin to have a bit of a lull as we work through the remainder of the IATA summer season. And then we've turned our attention to the coming winter, which is always more challenging from a commercial point of view. And then, also, we're reviewing the results from the current summer to inform what we will do next summer. Hopefully, that's a good kind of over – I'm happy to go into more detail on any of those things. But it's been a fantastic summer for us commercially, financially. It's proving the business model and the business case, and that you can be successful as a low-cost long-haul carrier and a new entrant. And, man. I mean, our planes have been full. And it's been gratifying, I think for me personally, but for the entire Norse team.

**[0:13:50] IP:** Let's set the stage a little bit. 2020, obviously, everything got turned upside down. We had no idea what the future of the industry was looking like. And then in 2021, along comes Norse Atlantic. People were obviously skeptical. 2022, you just start going. You operate as you said you would. A very challenging year, let's say, for many airlines, especially in Europe. And 2023 turns out to be one of the best years for transatlantic travel in recent history.

Since the start of the airline in 2021, were a lot of the assumptions you made then, have you found them to hold true or have you found that you're really having to change on a dime or pivot? Or has really things – have they gone to plan?

**[0:14:34] CD:** That's a great question. I should first just preface, I joined the team at the very start. I mean, literally, January 1st or 2nd. The first working day of 2023. I have studied and learned the history and talked to my colleagues who are here for it. And I'll give you my sense of that.

But, I mean, we have changed course, pivoted. The plan has adjusted quite a lot from the announcement in 2021 for, I mean, a multitude of factors. And it's probably worth – stepping back a little bit. We have two AOCs, two Air Operator Certificates in Norwegian and at UK. And in 2021, I don't even think we had fully formed what the plan was with respect to AOCs. Whether we would start in the UK first or do Norway first. As it turned out, we did Norway first.

And that enabled us to fly from Norway to the US. And then we also flew from Norway to Gatwick and then operated Freedom service from Gatwick to JFK that had to originate in Norway.

And then late in the fall of 2022, we received our UK AOC. But we still had several more months. It wasn't until early 2023 that we received the US recognition of the UK AOC. Due to traffic rights and legalistic, I shouldn't say challenges, but just the process. These things are time-consuming and quite involved. We had to change course and change tack I think a number of times from the original sort of announcements of flying.

But I think from an overarching perspective, the original plan was we've got a fleet of 15 airplanes. All Dreamliners. We want to be low-cost long-haul transatlantic. I mean, all those things have borne out. And ultimately, as we sit this summer, on July 1st, we launched our seventh US destination, from Gatwick to San Francisco. And we're operating a fleet of 10 aircraft. And we have five – the remaining five are dry leased to another operator.

We like to sort of say that, on July 1st, we ended our startup phase and that we fully ramped up. And all the people we'd spent the last year hiring, and training, recruiting, all the preparatory work was behind us and we were fully, on July 1st of this year, focused on implementation and execution.

**[0:16:50] IP:** This summer, we've seen a lot of domestic US airlines say we didn't have the load factors we wanted to because everyone's traveling overseas. And especially the low-cost carriers, domestic low-cost carriers like Frontier and Spirit. Having said that, are you the airline that those passengers are now flying on? Or are you seeing more of a spread? Are they going, "I was going to book a ticket with Spirit. So, I'm going to look for a similar low-cost model transatlantically." Or is it not that direct in the progression?

**[0:17:21] CD:** Gosh. I'm sort of a mixed minds in my answer on that. It's a great question. I saw those earnings call – I listened to those earnings calls and read the transcripts and the media coverage coming out of it. And I think – I mean, we can't trace individual passengers and haven't interviewed anyone who was maybe a Spirit loyalist in the last couple of years **[inaudible 0:17:40]** Cancun or whatnot.



I mean, our planes from seven cities in the US to five cities in Europe have been jam-packed with Americans this summer. I can certainly confirm that there has been red-hot demand from the US to Europe. And I think the reason for that is that, for all intents and purposes, this was the first year since 2019 that there were no restrictions due to the pandemic in both directions.

The US vaccine requirement I think was lifted late in June of 2022. And so, people's summer travel plans had already been made at that point. We've been the beneficiary of some tremendous pent-up demand to come to Europe. And then in the same vein, Asia is largely closed. You look at the lack of capacity certainly between North America and China and all the overflight challenges and whatnot as well. And so, I think that has pushed – just further help to drive more demand in North Atlantic.

**[0:18:39] IP:** You brought up a good point saying that, by June 22, many people had already made their summer travel plans. How early do Norse customers book?

**[0:18:49] CD:** It is roughly – it varies by market and varies by direction, season, everything else. But it's between six, and eight, ten weeks right now. But to give you an example – and we just did a promotion, sales promotion, last week. And we were focused on that in generating traffic and volume in the shoulder period for September and October. And that's where we had seats in our most attractive prices. And it worked. It was effective. And then, also, people come to the website and they book high fares for August as well that weren't on sale.

But what was interesting to me is we had a noticeable uptick in bookings for May of 2024 in our promotion, which was targeting September and October of 2023. It's quite a distribution is I guess what I'm trying to say.

And so, one of the things we're focused on is, right now, we have – I shouldn't say the entirety. But what we'll call "our no-brainer markets". The markets were absolutely going to fly next summer. We have out for sale right now through the end of June 24. And I've asked our pricing and network team to get the rest of those markets out for sale, those same markets out through the end of October 2024 just because we want to be out for sale for as long as we can. And

there are people who do book that far in advance and not be booking up family trip to Disney in Orlando, or cruise ship, or whatever it may be. We do get near walk-ups.

And one of the cool things that I think probably your listeners, if they're sort of av geeks, like I suspect they are, and I am. Because of the challenges in getting slots across the board, we end up having some of the last departures from JFK at night, which then also means we're some of the last departures from Europe. And that allows us to get a quite a bit of walk-up traffic when other people have cancellations and other irregular operations. We're the last guy flying.

And that's actually been a bit of a competitive. I mean, it's not massive. But it might be three, or four, or ten tickets on a given flight. And we certainly saw that during the ATC meltdown at the end of July and even – oh, gosh. I guess even in the end of June when Newark was having its challenges. Our flights were still moving and we sold a lot of last-minute tickets.

**[0:20:53] JR:** That is an interesting aspect, which I guess, I mean, I personally feel like the near midnight or after midnight departures are – for me personally, that is not for me. But if that's a competitive advantage, that's an interesting twist I had never thought about.

**[0:21:06] CD:** Well, it's by necessity, guys, right? And I agree with you. And I'm one of these people – now, again, the other – I mean, all Transatlantic flights. I say all. The vast, vast majority that are going eastbound are red eyes. But whenever I'm on a domestic red-eye flight, I always tell myself, it made sense on paper when I was booking it and then regret it **[inaudible 0:21:27]**.

**[0:21:27] JR:** Yeah. And regret the moment you step on board. Yeah.

**[0:21:29] CD:** It's a time machine, right? You're able to do your work and make-up time. But the end of the day, you're not able – it's a painful experience. In the same way – look, to somebody with a jet lag and everything. I mean, I'll give my most – well, if you're leaving JFK and going to Paris or Rome, rather than arriving at those really painful 6am, 8am hours, if you're arriving mid-afternoon, 3pm, 4pm, it is better for jet lag and you're not waiting for the hotel to check-in. I mean, there are some built-in advantages to it.

But again, if you've got eye rubs, there's bad weather, people have probably never even heard of Norse Atlantic. But they get the JFK, they look at the FIDS board. And you're going to Rome, and we're the last flight departing and it's on time, yeah, they walk up and buy a ticket.

And so, it has, kind of in a sense, forced us to rethink about our strategy. And maybe these late-night slots aren't so bad after all. But you take what you can get. And we're building a business around it. And I can tell you – I mean, we've been absolutely profitable with the flying, right? No regrets.

Now I'm not sure the midnight – the same rule carries over to 2am departures or something like that. But you can get to JFK at that hour. And where it does hurt us admittedly is when you get back, when you return to JFK at 10pm, it's a dead end. There aren't onward connections available. And, yeah, there certainly it's public transportation available. In that sense, it's a bit of a challenge in the return direction for connectivity and landing late.

**[0:22:54] JR:** Yeah. I want to talk a bit about the elephant in the room, of course. There have been predecessors to Norse. There have been other attempts at long-haul low-cost transatlantic travel. Many of them have not worked out. Some have. What makes Norse different? Because, so far, it seems to be working. Why are you different?

**[0:23:16] JR:** Listen. It's early, and I would still say I think you're kind, Jason, to say – even the way you framed it, I appreciate that. And look, I mean, I'm optimistic. I love our chances and happy to kind of break them down. But man, I mean, it is a large graveyard.

I mean, I go back to sir Freddie Laker and Laker Airways. I mean, there's a long, long list of people who've tried this. We start with a foundation. We talk about 2020. And our founder and CEO is just an outstanding leader, and visionary and entrepreneur. He's a guy named that Bjorn Tore Larsen. We call him BT.

BT has had a long history, a successful career in the shipping business. And he has bought and sold more ships, container ships, oil, vessels than I can count. He saw an opportunity in aircraft in COVID that mirrored what he's seen in the boom and bust, the cycles in shipping.

And so, there were a large quantity of formerly Norwegian-operated aircraft that were available from lessors and nobody wanted them. This is in the depths of COVID. The summer of 2020, fall of 2020 into 2021. And he stepped up, raised some capital, used some of his own capital and signed lease rates with two lessors that are less than half of what the going monthly rate is today on the market for those aircraft.

These are 12-year leases, which is about – I mean, 12 years in this industry. We're now at 11. 11 years remaining. That is about as close to a durable permanent cost advantage that one can get in this industry. And he was very opportunistic. He was willing to take a risk in a time when no one else was. Now everybody's clamoring for these airplanes. They're paying top dollar for them. He was quite visionary and forward-thinking in it.

And frankly, it's the same thing that Ryanair does with narrow bodies. I mean, IAG bought the MAX in the middle of the grounding at the Paris Air Show, I think. If you're willing to be bold and stick your neck out and take a risk, I mean, this is what we did as a team and it's sort of the foundation of the business model.

And so, we have a fantastic airplane with the 787. I think everyone acknowledges that it is the best wide body from a cost range performance customer. I mean, just on every dimension. And then we build from there. But the foundation is the aircraft.

We are – and I'll rattle them off. But we're focused on being – I mean, we're going to be a single aircraft type, which I think is really important. We are going to be a high utilization both aircraft and crew. And so, that means really focusing on daily operations so that we can move our crew in and out very efficiently and effectively. High utilization.

A good example, my team came to me last week where with a two-airplane package of Paris-JFK and Paris-LA. And when you pair those things to – those two aircraft together in rotation, you maximize a 24-hour day across two aircraft versus, I mean, flying either one singly.

And so, we're really focused on operating cost and operating efficiency. And then there are a whole lot of other things too where it's the unbundled model. And so, we're pushing very hard on ancillary. I can tell you right now we believe, from every survey we see in the world, that we are

number one in ancillary per passenger. We're just over \$120. And the next closest we're aware of is Frontier at \$82 or \$83. Now that's a little bit of an unfair comparison, long-haul versus short-haul. But we don't think anyone else is close based on all that we have seen in the market.

And so, that's not easy to do, right? It means we have to be very, very tough on our enforcement and very clear as we sell the ticket that you're just getting a seat. And if you want a seat assignment, a bag, leg room, you pay for all the other elements. But we're able to offer really, really attractive and appealing entry points to facilitate travel.

And then we're focused big on cargo and taking advantage of that. And many of our markets, cargo is very important, very strong. You would be amazed at how many salmon we are moving out of Oslo to JFK and LA. And chances are if you're eating salmon in the States, it may have flown in a belly of a Norse aircraft. We're going after cargo.

We're not in the GDS systems. We're just selling through our website to keep costs low in that sense. Again, we're just trying to really adapt the very best practices we see from ULCCs to keep costs low, have a simple product and ultimately drive revenue and keep costs low.

And I'll tell you too, we believe – and we'll release our third quarter results the end of October. From all that we have seen, we are by quite a large margin the lowest unit cost operator in the transatlantic. And again, I don't think it's even close our next nearest competitor.

And so, by keeping our costs low, that becomes a really effective moat competitively. I mean, others can try to match our fares. But we'll make money where others will lose money just by keeping our costs as low as we possibly can.

**[0:28:17] JR:** Super interesting. I never would have thought there would be such a high cargo component at this stage. That's really interesting. The next time I have salmon, I'll think of you and Norse.

**[0:28:25] CD:** Think of it. Please do. We'll 30 tons. 30 tons out of Oslo to New York. We were able to get on Rome. We've been carrying red wine, believe it or not. We've been getting fresh

tomatoes from Netherlands or our truck down to Paris and on your shelves, in the grocery shelves in New York. It's been interesting just the commodities we're carrying. And every little bit helps just in terms of making the flight work. And we have the belly capacity. And so, let's take every advantage of it.

**[0:28:50] JR:** That's great. I want to circle back to two topics that you mentioned. First, the ancillary. It seems like you're knocking it out of the park on ancillaries. Congrats on that. You are using the same aircraft as Norwegian, which comes with the same cabin, which has the premium cabin on board. Which, personally I think it is probably better than the premium economy cabin on any traditional airline. What are you seeing the take rate on that? Is that something that people are booking initially when they first book the flight? Or are they taking an upgrade? Or how are you ending up filling that cabin?

**[0:29:25] CD:** Yeah. Thanks for asking.

**[0:29:26] JR:** And this is not sponsored, by the way. That is an actual personal opinion. I think it is the best premium cabin out there.

**[0:29:32] IP:** We've covered that on the podcast before.

**[0:29:34] JR:** We have.

**[0:29:34] CD:** That's awesome.

**[0:29:35] IP:** Jason's love for that cabin is no secret.

**[0:29:38] CD:** What I would say, guys, is that from a hardware point of view, the raw seat, and the experience needs and everything else, it is the best premium product flying. And really, what sets it apart, I mean, it's two 2-3-2, 43-inch pitch. And I think the standard with most of the network carries is a 38-inch pitch. You're talking five extra inches of leg room.

We have – and I should have mentioned this earlier. Our cabin crew are phenomenal. And they take pride in giving good service, and I'm just blown. And it's multinational. We have both US-

based crews and European-based crews. And so, in a sense, it's a little bit like Cathay Pacific does this very well. You jump on, you've got multiple nationalities. And it's a really good, warm welcoming feeling and fantastic service while being low cost.

But what I would say is in the Norse premium, because we had to rush – and it is hard to get an airplane up and running within a year. And so, we didn't have any of the – well, it's called software. Like, the soft elements of the product ready.

And so, the food we serve, frankly, today is a bit embarrassing. We have a very thin, awful blanket. And in fact, someone, some blogger picked up on it. We bought X-Norwegian blankets and just snipped the logo off the tag off and we're using it. There were three. We bought them from like a bankruptcy trustee or something." We're trying to be low-cost and doing all these things right.

Listen. I mean, what's really exciting is, at the end of September, we're going to properly launch what I'll just call the soft product. And so, right now, the food we deliver **[inaudible 0:31:08]**. It's a traditional – I mean, kind of like an economy class casserole or entrée you used to. But it's delivered in like this paper box. It is just bizarre. It's a poorly designed or conceived – it's a rushed product, ultimately.

We're going to have a proper tray service where our cabin crew will deliver something they're going to be really proud of. We've got a – I mean, a really nice thick fleece blanket that's branded with our really cool Viking ship logo on it. We're going to have small amenities. You're not going to get the Bvlgari fancy amenity kit. But we're going to have eye shades, and some earplugs and two meals. A dinner and a pre-arrival breakfast type of a service. And it'll all be built into the price.

Now what we're not going to do is throw in an airport lounge. Because if you want that, we'll sell it to you separately. Because we want to still have a low entry price for it. But we have not been marketing it very well. We've actually been a little bit cheapish because it isn't the level of service that we want. But once we have all of these bells and whistles together, call it early October, very end of September, we're going to make a bigger push for it.

But even with all of those caveats sort of notwithstanding, people have discovered the product. I would say, I mean, roughly – going into June, we actually had a higher load factor in premium than we did in economy. They were neck and neck. In July and August, premium has been about 10 points, 15 points behind the economy cabin. And so, we see a big opportunity.

About half the seats are sold on our website. And then we work with a company, and many airlines used to call it Plusgrade, where we do the auction product. We email customers 10 days before departure seeking auction bids. And then we sell them as upgrades, which most Airlines don't. Network carriers certainly don't. We sell upgrades at check-in as well.

And we've created a contest among our airports every day. We get a scorecard. Which airport has sold the most ancillary per passenger, **[inaudible 0:33:03]** passengers. And it's incredible – we've had a Ryder Cup competition of the US versus the European airports. And who's going to win the prize and the trophy? And it's been incredible with a little bit of competition and sort of gamification does for the teams.

And on my flight over Dullas, or Washington Dulles Airport, I flew this week from Dulles to Gatwick, they sold 25 upgrades at the airport. It's a 56-seat cabin. And I think it was booked to 25. In this instance, more than usual, we're sold as upgrades at the airport.

It's a big opportunity for us. I think we can actually charge higher fares than we are today when people realize just how good it is. And maybe, Jason, I should pay you for some commercials, or testimonial, or something. But it is fantastic and in terms of value for money.

And what you find, we're primarily in all cabins a leisure carrier. But for business travelers who are paying for the travel themselves, we do have quite a number of just small business owners. These kinds of people who are buying our premium class because they find the great value. And I think we'll get even more as the word spreads.

**[0:34:09] JR:** There's one more topic I want to circle back to before I seed the microphone back to Ian. You touched on fleet utilization, which was always a big issue at Norwegian, where we saw – I again personally experienced that there was – one aircraft took a three-hour delay. And it took days or weeks for that aircraft to make up that delay. Because fleet utilization was just so



high that there was no slack in the schedule to make up that lost time. And then we ended up with the infamous situation where they – at least the high fly A380 to JFK, when the damn thing couldn't even go to JFK because the terminal wasn't prepared for it. That doesn't seem to be happening with Norse. There seems to be – honestly, the operation seems to be running pretty fluidly. What are you doing differently? Even if you have this high utilization, how are you making it work?

**[0:35:01] CD:** I appreciate the question and I love it. At heart, I'm an operations guy. In my career, I've done a lot of ops roles. The simple answer is that, this summer, we've got 10 -9 aircraft between the two AOCs. We're only flying nine. And so, we have held out a spare, one full aircraft, intentionally to backstop the rest of the fleet. And we have had to use it. We've had to use it.

Ultimately, I mean, that comes at a cost. But we think it's worth doing. And I've got to give a shout out to our operations team. There's all the media attention around operational challenges immediately last year and this year, strikes across Europe and so forth. And I always worry. I'm going to jinx myself when I say things like this. But we've had 100% completion. Meaning we've not canceled a single flight since April 24th of this year. We've gone through the entirety of the summer without a single canceled flight. We've have had, in truth – because I'm sure a listener go pull the Flightradar data and so forth.

And we have had a couple of linky delays and even longer than 17 hours where we put people in hotels and so forth. But we did complete the flight. And I think even a technical. We may have had to renumber a flight because it was following day, whatnot. But every single flight, it was scheduled, we've run. And it's only been a handful over the whole summer of truly lengthy, more than two-hour type delays. I'm really proud of that.

I wish our on-time performance and starting at D0, just departing on time, were better. Our goal is 85, which was too ambitious. But we've been running about 40 or 50. About half of our flights were departing on time. But they're getting to the destination within 30 minutes. Almost all of them are.

And so, again, I'm really proud of the execution. But it does come at the cost of the spare. And I think, I mean, from a philosophical point of view, it is really important, I mean, to look at how the network is built and to ensure you know what your recovery options are and you have backup crews available in the right locations.

I was actually tickled. I was in Oslo. We had a technical issue two months ago. And I have to get the exact details on this because it's been so long. But the airplane had a technical fault. We were taking about a two-hour delay. The crew were about to duty out and we were able to scramble a second officer, a relief. It was scheduled to fly the following day on a different flight. They lived near the airport. He ran to the airport. He's still tying his tie as he's running to the gate. But he got there in 30 minutes. And that bought the crew an extra three hours because of the augmentation rules with duty limits.

And so, the team are really focused on execution. But we've got – you should always have several plan B, plan C, plan D in your back pocket ready to go. And we've learned a lot. But, again, I'm just super proud of team or what we've been able to deliver operationally, and commercially and financially this summer.

**[0:37:55] JR:** So, the old joke of, "My flight's canceled. Why don't you just bring around the spare plane?" is actually true in this case. And I know a bunch of airlines at least in the US were doing that in the last couple years. But in this case, you're doing it even though 10% of your fleet is a spare. That's a high number.

**[0:38:12] CD:** That's right. Well, it is an expensive number. But the reality too is – I mean, it's parked in Gatwick, which is our biggest airport. And yet, I told the team, "Rest assured, it won't be needed in Gatwick." Because, just Murphy's Law, is it'll happen somewhere else. And then sure enough, the last time we tapped into it, it was needed to fly Oslo to JFK, I believe. And so, we had to take a UK-based crew. And there's actually the wet lease between each other. This is actually some lease documentation you have to do intra-company. Scramble a crew. They then flat Oslo. And then Oslo to JFK. It means quite a lot of behind-the-scenes machinations that go on. But if we were flying all 10 airplanes, we would be canceling flights and just having a disaster in our hands just from accommodation, and costs and everything else. It's important,

especially as a startup in particular. We need to get off on the right foot and not be known for being a bad operator.

**[0:39:07] IP:** You mentioned the network. We'll close with kind of looking forward. You made some news a few months ago when you announced some changes to the route network and the way that you're structuring things. Because one of the criticisms of long-haul low-cost kind of before these announcements was that, sure, summer's great. But then what are you going to do for the rest of the year? And you seem to have answered that question with some really interesting routes. The London-Gatwick to Barbados and Jamaica. That makes perfect sense. But Jason and I both kind of flagged the Oslo-Bangkok flight as kind of the outlier in the route network. I wanted to hear more of the perspective of what's the plan there?

**[0:39:52] CD:** Yeah. Well, you will both be surprised that, for the winter, that is the strongest-performing route in our network both from a load factor and a revenue point of view. And it's not even close. I mean, we have like by a factor of maybe two and a half or three relative to any other market we're flying this winter at the same time.

And in fact, it's been so strong we announced it at two flights a week. I'm not sure what to make of it. And it's been so strong we've actually added a third flight. And we're now even – it's so good we're contemplating flying it next summer as well.

Look, what I would say is Scandinavians in general and Norwegians perhaps in particular have a real affinity for Southeast Asia and Thailand. And so, there is a long history of that route being flown – oh, gosh. Well, by Norwegian, by Thai on a non-stop basis. And the gulf carriers, of course, have it. It is a well-trafficked route. And it was one that our team in Norway were convinced was going to be strong. And, boy, have they been right.

It does stand out in our network. But at the end of the day, we're here to make money. And that sort of route that we have no doubts about will be quite strong and do well for us. And now, it's three flights a week. And one of the lessons – I mean, interestingly, another very strong route for us this summer has been Oslo to Los Angeles and Oslo to Fort Lauderdale. Two flights a week respectively for both of those.

And so, in all of these cases, we do take a penalty on the crew utilization because the crew are going to be in the hotel for more than one night just kind of by definition of the way the schedule is structured. We have to command higher fares to kind of offset a bit of that extra cost that's born. But we'll do it when we see margins that are strong enough to offset the higher cost.

We don't want to have too many of those. Because to be honest, we just – I mean, I much prefer seven weekly, just in and out, very high utilization and so on. I mean, it helps in the aircraft utilization that we do **[inaudible 0:41:50]** crew and so forth.

Yeah, I mean, it's interesting you picked up on that. Interestingly, the markets that I would have thought would be stronger, like the Caribbean, we're having to put more effort into. More marketing. I mean, more just sales calls and meeting with tour operators. We load Oslo-Bangkok on our website and it sells like hotcakes. It really, really has been pretty fascinating.

**[0:42:12] IP:** Interesting. And I really want to thank you for your time. This has been a wonderful conversation. What's next? Where does Norse go in the next – well, we've kind of talked about the next six months to a year. What about two years? Three years? Where's Norse going?

**[0:42:25] CD:** Yeah. Listen. I mean, we have 15 aircraft, as I mentioned. 10 right now. And we're going to gradually get up to that 15 level. And one of the other lessons – and again, we really have tried our best. And I probably I didn't articulate all of the lessons of the previously failed airlines. But we've studied. I mean, I think we're good students of history. And many of those carriers have failed because they grew too fast and sort of lost control of costs, for example, and complexity. Maybe multiple five AOCs in the case of one of these players.

We want to be slow, careful, deliberate in our growth. And we've also – and our mantra for next summer is to be boring. And by that, I mean, we kind of prefer **[inaudible 0:43:09]** if we can get slots and so forth, we'd rather be boring and not add new cities and just connect dots and just do what we've been doing this summer with more frequency in the same markets than to open up new stations, bring the costs and have the challenges of marketing a new city and explaining who we are and so forth.

And so, I mean, in a sense, boring is good. Because we want to be profitable. And that's what's going to drive us. And what's also interesting is that BT, our CEO, and I are big believers in being opportunistic aircraft acquirers whether buying or leasing. And so, we're not going to add more than 15 aircraft until we can get a smoking deal like we did on our current fleet. That might be in two years or it might be in 10 years when the next downturn comes and the OEMs or lessors are desperate to move an unloved asset, if you will. It makes it hard to predict a little bit. But just know that we're going to be focused on financial results and not growth for growth's sake.

**[0:43:09] IP:** That's different than some predecessors. That's really interesting.

**[0:44:11] CD:** Which why I want to call that out.

**[0:44:12] IP:** I like the be boring mantra.

**[0:44:15] CD:** And I'll tell you, the other thing for us – and I mentioned we're going to make money in the third quarter, right? This summer's going to make money. We set for ourselves the goal that for the second half of this year, it's the third and fourth quarter, let's make a buck, right? We're going to lose money in October through December. We know it. The winter is always a challenge as we talked about. We think we've got some good strategies to fly to warmer destination. Less New York. No Boston. More Florida. More LA, Caribbean. That sort of thinking.

We think that's good. But we're likely to still lose money in the winter. In fact, I mean, I'd be delighted if we've even just broke even. But we've got to make money in the summer and have the summer profits more than offset any winter losses. And so, that's kind of the name of the game, how we're managing things. And we just want to do it slow, careful, quite analytical on how we're doing things. And we got to be nimble. And we'll chase opportunities like Oslo-Bangkok when we see them. Yeah. I mean, there may be another one like that. I don't know. If any listeners have ideas, send them our way.

**[0:45:16] IP:** Route network suggestion. I like it.

**[0:45:19] CD:** Absolutely. And the other piece that is complicated is traffic rights. And I think not all. In fact, I suspect most listeners, unless you're in the business and really know that space, it is quite complex. You can't just fly places you would like to fly. I mean, you keep digging into where you have the legal rights as a UK operator, as a Norwegian operator across the different treaties. It's quite complex.

As an example, with our Norwegian AOC, Norway is not part of the EU. But it has sort of – I forget the acronym. But it's a sort of an affiliated country and a NATO member, of course, as well. The EU-US Open Skies agreement allows Norway to follow in as part of that agreement. But other bilaterals don't allow that, for example. So our ability to fly between various countries is hampered by the traffic rights that are assigned or awarded by each, in our case, Norway and the UK.

**[0:46:15] IP:** You bring up the AOC. And I was going to let you go. But you brought it up. How much did Brexit complicate?

**[0:46:21] CD:** Oh, my gosh. So much. So much. Yeah. Listen. I mean, it may bore you – I mean, we can talk all night.

**[0:46:29] IP:** Maybe we'll do a whole another episode.

**[0:46:30] CD:** No problem. Yes, I would love that. But the short answer – and you would know off the top of my head. I mean, Ryanair has had to go grab multiple AOC's. EasyJet. Austria seems to be popular. Malta. Countries of choice. I'll tell you what. I mean, if Norse were being formed pre-Brexit or without a Brexit agenda, all we would need is one AOC and it really ought to be a UK AOC would give us the rights to fly all that we'd want to fly. It's unfortunate because, I mean, we have to have two to do the flying that we want to do and it helps diversify our risk.

And so, again, where we're happy with the two we have. We don't want three, four or five. But each AOC brings with it incremental costs and complexity. As two different regulators, you have to have nominated roles. Ahead of safety for each AOC and different training standards. And so, our US flight attendants, for example, are either assigned to the UK AOC or the Norwegian

AOC. And today, they can't fly for both. And it is possible if the regulators may allow us to do that, we have to put them then through double the training even though it's almost equivalent.

And so, they're just hurdles that we have to overcome that bring complexity that we only had one AOC. Of course, there would – I mean, back to – I guess, Jason, you asked the question. I can't remember. And sorry for the long-winded answer. But, boy. I mean, if there had not been a Brexit, Norse would be an even lower-cost operator and my life would be a lot simpler.

**[0:47:58] JR:** There's that. Okay.

**[0:48:00] IP:** I think that's a great – I think that's a great place to leave it. That's perfect. We've been speaking with Charles Duncan, who is the president of Norse Atlantic Airways. The, thus far, quite successful long-haul low-cost transatlantic carrier. And, Charles, thank you so much for joining us today. We took up more of your time than we intended. But a very enjoyable conversation. And I really hope that our listeners have enjoyed this particular episode. Thank you for joining us.

**[0:48:26] CD:** Thank you. I've enjoyed it a ton too. And, I mean, I use the Flightradar app multiple times a day. I feel like it's the least I can do to repay the favor of the great technology that you and all the ADS-B antenna providers globally provide for all of our benefits.

**[0:48:44] IP:** Thank you so much.

Welcome back. Jason, I mentioned at the top of the show that we came away, or at least I came away, and I think you did too, from our interview with Charles. I don't know whether it's a different opinion. But at least a newfound appreciation for what they're trying to do. And perhaps a new belief that they may be on the right track.

**[0:49:13] JR:** They may be not Norwegian for real.

**[0:49:16] IP:** They may be not Norwegian. Yeah.

**[0:49:17] JR:** We've been joking about that for years how we bring up Norse. And we say definitely not Norwegian. But I think they've done a really great job of proving that they are in fact not Norwegian. They're bringing the same base core concept to the market. But operationally and, seemingly, financially, they are definitely not Norwegian.

**[0:49:38] IP:** And Charles mentioned this I think a few times, that the real proof is going to be can they make enough money in the new Northern summer season to carry them through each year the winter? And if they can make a ton of money in the summer and then make just enough in the winter, seems like a good model to me.

**[0:50:00] JR:** Yeah. It's tricky. Just find out how many Nordic holiday makers they can bring out to Bangkok. Because, apparently, it's a bottomless pit of demand.

**[0:50:10] IP:** Apparently. Yeah. I mean, at some point, maybe the winter schedule is just Oslo-Bangkok.

**[0:50:14] JR:** All 10 aircraft. No spares. Just all 10 aircraft for Bangkok.

**[0:50:18] IP:** No spares. Just run them. Well, if they're all going to the same place.

**[0:50:22] JR:** That too I think was one of the most interesting takeaways that 10% of their current fleet, which is one aircraft, it's a spare. That's probably among the highest percentage of any airline out there at least with wide bodies. It shows the dedication, I guess, to they want to get the operation right. Because once you have a really sideways operation, be it for a day, or a week, or two and a passenger experience is it, they're gone. They're never coming back.

To have even just that one aircraft in reserve probably is going a long way in having passengers confident that they can re-book with Norse as they could not do with Norwegian. However much I wanted to fly on the high-fly A380, that just was never a good sign.

**[0:51:08] IP:** I think we've pulled the data on Norwegian once. And the sheer number of random wet lease operators flying from Norwegian at various points in time, it was just a clear sign of too much, too fast.



**[0:51:23] JR:** Yeah. To be fair, not all of that was Norwegian's fault. That was mostly Boeing and/or Rolls-Royce having defective engines, late deliveries, seven, eight groundings, all that kind of nonsense. But at the core of it, it was just not a solid business pun.

**[0:51:40] IP:** Well, this one seems pretty solid. And it'll be interesting to see how they do over the winter. And, hopefully, we can have Charles back to talk about that.

Other things happened last week, I think much to my chagrin. One of which was an Alaska Airlines 737-800 landing at Santa Ana landed hard enough to display the top of the landing gear to the passengers, shall we say.

**[0:52:08] JR:** Not great. Because it has to go through the wing to do that. And we actually have some pretty good photos and even video of the landing on the incident side of the aircraft. And, yeah, it was in the middle of tropical storm Hillary or hurricane Hillary, whatever. The hurricane that's not supposed to be on the West Coast impacting Southern California shouldn't be there, but it was.

The landing didn't look all that hard. Not unusually hard. And we're going to have to wait for investigation to go through. Find out what all the g-forces were and all that. But it really did not look like an excessively hard landing and certainly shouldn't have resulted in quite the extent of the damage.

But what amused me the most about this incident was, after it happened, they only realized when they tried to taxi into the gate off the runway and couldn't because your landing gear went through the wing. That's a problem.

**[0:53:01] IP:** Well, I mean, at least they realized –

**[0:53:02] JR:** It'll slow you down a bit.

**[0:53:04] IP:** Yeah. Yeah. Why do we have to apply full power to taxi?

**[0:53:08] JR:** Yeah. But no injuries. The aircraft, they didn't even go out the slides. I think they just went down the air stairs. Yeah, it's going to be quite interesting to see if this aircraft gets repaired. We always have this back and forth of will they? Won't they? And the aircraft, Boeing and Airbus, have managed to bring back from the arms of death is quite remarkable. But in this case, it's one of Alaska's oldest 738s. One of their oldest aircraft in general. I think it was over 17 years. Might not be financially feasible to repair it. But we'll find out.

**[0:53:42] IP:** If it was Delta, I'd say 100%, the aircraft would be back in service within two weeks. If it was United, I'd give it a 50-50. Alaska, I'm not sure.

**[0:53:49] JR:** Yeah. We'll see.

**[0:53:51] IP:** If it was American, I'd say they'd probably just push it into the ocean.

**[0:53:54] JR:** Yeah. Yeah.

**[0:53:55] IP:** Jason, you seem pretty excited about ANAs new domestic, 787-10.

**[0:54:01] JR:** Yeah. ANA is going to be pushing its 787-10s into domestic service. This is of course the longest, highest capacity variant of the 787, which is not currently in domestic service. But they will jam pack this thing full with 429 passengers says Flight Global. 28 in some sort of premium class. And 401 in economy.

And I found this noteworthy because these would be replacing ANAs domestic 777-300s. And notice how I didn't say 777-300ER, because these are I believe the non-ER version of the 777-300, which is quite a rare breed these days. But those have 514 seats while this will have 429. That's a pretty dramatic drop in capacity.

But just super interesting to see a 787 of that size dedicated catered to domestic operations. And the Japanese Airlines have already had other 787s. I think both the 8 and 9 and various domestic configurations. But a -10 only doing domestic flights, that's not exactly what Boeing had in mind for the aircraft. But it'll sure fit the bill.

**[0:55:13] IP:** Yeah. I mean, same with the 747s. I mean, they had the domestic 747. I mean, why not?

**[0:55:21] JR:** The 747-400D. The 400 that didn't have winglets. It was operating system short flights. They didn't even bother putting winglets on it, which is just weird. Weird looking.

**[0:55:32] JR:** I'm looking at ANAs fleet history. And ANA calls the 747-400 the Techno Jumbo. And I've never heard it called that before. And that's interesting to me.

**[0:55:43] JR:** Well, Japanese Airlines and especially trained companies, they love naming their rolling stock in fleets. They just can't get enough –

**[0:55:51] IP:** I'm all for it.

**[0:55:51] JR:** I love it. I am here for it. I wish United or, really, American would start calling its aircraft like luxury liners again because that's just – well, probably false advertising. Because the economy is not exactly a luxury liner status anymore. But it would be great if we could have the Astrojet name back or something along those lines. But the Japanese Airlines and rail companies never stopped naming their vehicles.

**[0:56:16] IP:** ANAs 747SR, which was the model developed for the Japanese domestic market originally, was the Super Jumbo. So then, when they brought the 400 in, they called it the Techno Jumbo.

**[0:56:28] JR:** Oh, of course. Yeah. Yeah. Yeah.

**[0:56:31] IP:** Today, I learned. See? We're a full-service podcast here.

**[0:56:34] JR:** Yeah. Not all of their aircraft their special names, unfortunately. The 747 domestic really seemed to have a special place in their heart because nothing else in recent history had any sort of fancy name like the 763, A320, A777-200. They just call them as they are. But the 7400 Techno Jumbo, that's a name.

**[0:56:56] IP:** I know. Okay. Let's talk about an aircraft that no one really particularly cares for, and especially not the German government these days. What's going on with their A340s?

**[0:57:06] JR:** Nothing good in particular. The German government had a pair, or at least these days had a pair of A340-300s. I believe were brought on after being retired from Lufthansa, they were state-owned aircraft for VIP movements. And these days, they are getting along in the tooth. And there was a pair of incidents where one had repeated issue that resulted in diversions back to the origin, which is really kind of just embarrassing for a global powerhouse such as Germany.

And as we speak, they are replacing these aircraft with the much newer Airbus A350. But they said, because of these recent issues, they are accelerating the timeline to retire the stately A340-300 within the next couple weeks actually.

**[0:57:54] IP:** We're done with this aircraft. Get them out.

**[0:57:56] JR:** We're done with it. We can't rely on these anymore. And I get it. You can't have head-of-state aircraft that don't work. You'd never ever hear of something like that with Air Force One or the aircraft operating primarily as Air Force One. Because they always have at least one ready to go. I believe both of them should be ready to go at any point. But, of course, you have to do maintenance on one while the other one operates.

But, yeah. Looking back at the history, the A340 in general, especially the 300, enjoyed quite a bit of use as head-of-state aircraft not just in Germany, but in a number of governments operated the A340 series simply because of its excellent range and redundancy of four engines.

**[0:58:41] IP:** And still do. I mean, the A340-500 is still in service with multiple heads of state.

**[0:58:47] JR:** I think Kuwait is the most recent one that they put theirs into service only probably five or six years ago. That thing is brand-new. It is still quite a popular aircraft. But not the 300 variant. That one is on its last legs.

**[0:59:01] IP:** No one loves the A340-300.

**[0:59:03] JR:** Bring back the 200.

**[0:59:06] IP:** Speaking of airlines that have the A340 in, they bring back the 200. I used to set – I could set a clock, a late clock, but a clock nonetheless, by the Royal Jordanian A340-200 departing O'Hare each night. I mean, the sound that that thing make.

**[0:59:25] JR:** It didn't look right. But I enjoyed it because of how much it did not look right.

**[0:59:30] IP:** Airlines that have the 340 that are still doing things and who might again do things with the A340. South African Airways is bringing back some code shares on the road to recovery. I'm confused at the – why?

**[0:59:47] JR:** I mean, why not? Mostly because South Africa Airways stopped flying long-haul entirely. Only recently resumed not even leaving the continent just yet. I believe they'll be flying to South America rather soon. But they were a major player in Star Alliance. If you wanted to get two or from the African continent, there was a good chance you were – and if you were a Star Alliance partner, that you were going to end up on South African Airways. But through its bankruptcy and through its major, major issues, most of their code share agreements were suspended.

But the Lufthansa group is back on the table. And it's just good to see some connectivity brought back to a continent and really the country of South Africa that just really, really lost its conductivity especially through COVID with the collapse of its one major airline. But this is good because it brings connectivity back through the Frankfurt and, sooner or later, the Zurich hub for Swiss. And it'll be much easier to not just get to South Africa, but connect onward within the country. Not having those code shares makes booking those flights quite annoying, let's say.

**[1:00:52] IP:** Fair enough. Fair enough.

**[1:00:54] JR:** Yeah. It's a rebound with a once very prosperous airline.

**[1:00:56] IP:** Yeah. I love a good rebound. You know who's feeling good right now though?

**[1:01:00] JR:** Who.

**[1:01:01] IP:** American Airlines pilots.

**[1:01:03] JR:** Oh, man. They are happy. I mean, they were very angry up until recently. But that's how Union negotiations go. They always seem like it will matter and more dramatic than they actually are or need to be. But American Air and its pilot Union, APA, agreed to a massive pay boost of more than, Americans says, 9 billion of compensation and quality of life benefits. Well, the union, it says is an average range of more than 21%. But when you average in annual raises and 401K increases, more like 46% by the end of the 48-month contract. That is a lot of extra cash.

**[1:01:44] IP:** That is absolutely a lot of extra cash.

**[1:01:47] JR:** And it's only a four-year contract. We're going to be doing all this over again in four years where the Union's going to act all angry and mad that Americans – American is the worst. That its CEO is an evil genius. And I don't know. They're real happy right now. But that's going to be an industry trendsetter, I think? I mean, didn't we just talk about this recently where America are –

**[1:02:06] IP:** No. I mean, American is part of the agreement. American had – I forget exactly what they termed it. But it's basically when Delta ratified their contract, American Pilots got that bump up to what the Delta pilots got. And I think United has a similar thing. I mean, the three majorist majors have done well for themselves as far as the pilots' unions are concerned. We'll see how that goes with the flight attendant unions as they continue to work through their labor negotiations. On the flip side of things, although this doesn't really affect the actual airline, the virtual airline, Redway, is done. They called it quits.

**[1:02:47] JR:** It didn't take long.

**[1:02:49] IP:** It did not take long at all. I mean, when we talked about this initially, this was the airline. Redway was the virtual airline operated by GlobalX that was going to be based or was

based for 38 seconds in Lincoln, Nebraska and was going to fly to warm weather destinations and other regional destinations.

And it just – they did some initial calculations and thought they had a market there. And as it turns out, no. You don't have enough market in Lincoln, Nebraska to base an airline.

**[1:03:22] JR:** Yeah, that's not terribly surprising. But I guess it's surprising that this all came tumbling down rather quickly. Much quicker than I would have expected it to.

**[1:03:31] IP:** Yeah, especially in a summer that's been the summer of summers for airlines.

**[1:03:39] JR:** As we talked about, not domestically.

**[1:03:41] IP:** Yeah. That's true. That's true.

**[1:03:42] JR:** Maybe if they flew to London or Paris, they would have been successful.

**[1:03:47] IP:** Oh, maybe. Maybe. And Jason, we closed the show with news this week that speaking, I guess, of international travel. North Korea's Air Koryo has resumed international flights for the first time since March of 2020. One of their Tupolev Tu-204 aircraft flew to and from Beijing this week.

**[1:04:15] JR:** Wow. I mean, I'm not going to say COVID is over because I'm not sure that's ever going to be a thing. But this certainly is an indication that we are done pretending that COVID is hampering in any way international travel. Because North Korea has been totally shut off from the outside world for the better part of three years now. And this is its first international flight.

Looking back at the data, there's actually been some flights dating back in 2022 of the two Tupolev Tu-204s at least domestically inside North Korea. Not sure what they were doing. But this is the first time that they've resumed flights to Beijing, which was really I think the only destination that the North Korean Airline ever really flew to in recent history.

**[1:05:01] IP:** Yeah. For a while in 2019 and early 2020, they were flying to Vladivostok.

**[1:05:06] JR:** Ah, interesting.

**[1:05:08] IP:** Because, as you do. But Beijing was really the one place that they could reliably send their passenger aircraft.

**[1:05:17] JR:** Yep. We'll see if this becomes a regular thing. Because they did have a flight schedule in the past. This was almost certainly a one-off operation this time. But we'll keep an eye on it and see if this becomes a more regular thing. Because, man, if that's not an indication that the world is returning to normal, I don't know what is.

**[1:05:38] IP:** Which is in and of itself a statement of such oddness and strange ways that I think we would need an entire episode to parse that.

**[1:05:46] JR:** Oh, yes.

**[1:05:47] IP:** But I think Jason's right. I hope everyone enjoyed this episode. I mean, we started with some breaking news that happened before we recorded, which is unusual. But it happens from time to time. And our interview with Charles Duncan, I hope everyone very much enjoyed, because we very much enjoyed talking with him. And we always – the best interviews are the ones where, one, people are interested in what they're talking about. And, two, you can tell that they want to share that with other people. And I think he ticked both boxes. I'm really glad that we got to speak with him.

This has been episode 230 of AvTalk. I am Ian Petchenik. Here as always with –

**[1:06:24] JR:** Jason Rabinowitz. Thanks for listening.

[END]